

VULCAN

SEMI ANNUAL REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED JUNE 30th — 1969

DEAR SHAREHOLDER:

We are very pleased to report the results for the period ended June 30th which reflect the operating efficiencies introduced over the past year. The rigidly instituted cost control has enabled us to hold our selling and administrative expenses below budgeted figures while sales have increased by 8½% over the same six month period in 1968. Additions of new equipment permitting us to streamline certain operations and our development of new product lines, have been the main factors leading to our record first half earnings. They surpass those for the entire 1968 by a comfortable margin.

In examining our first half net profit, it is worthy of note that our sales were boosted in a non-recurring way through advance orders of one of our largest customers, which orders would ordinarily fall into the second half of our year. Accordingly, it is reasonable to state that the 42¢ per share earnings up to June 30th is somewhat in excess of our estimate. However, the outlook for our sales for the balance of 1969 remains excellent.

Regarding dividends, I stated in our first quarterly report that the Directors had decided to maintain a strong working capital position and not increase dividends despite the greatly improved earnings in 1968. But in view of our good earnings for the first six months of this year, your Directors will give careful consideration to a possible increase in dividends before the year end.

With this in mind, the Board has decided that a quarterly dividend, rather than the present half-yearly dividend, will be more appropriate to allow for adjustments in a manner consistent with the profits available for distribution. In adopting this new dividend policy, the Directors have declared a dividend of 2½¢ per share, payable on September 15, 1969 to Shareholders of record of September 2, 1969 and expect to declare a final year end dividend, payable on December 15th.

Norman G. Bernecker

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President

STATEMENT OF INCOME AND RETAINED EARNINGS

For Six Months Ended June 30, 1969
(with comparative figures for 1968)

	1969	1968
Sales	\$3,197,298	\$2,942,483
Cost of Sales	2,461,108	2,430,542
Gross Profit	\$ 736,190	\$ 511,941
Operating Expenses: Selling & Shipping	\$ 166,164	\$ 160,066
Administrative & General	154,726	158,642
	\$ 320,890	\$ 318,708
Net Operating Profit before the following	\$ 415,300	\$ 193,233
Other Income: Cash Discounts Earned	\$ 1,162	\$ —
Sundry Income	7,687	5,772
	\$ 8,849	\$ 5,772
Other Expenses: Cash Discounts Allowed	\$ 22,100	\$ 20,233
Bank Interest	40,568	43,062
	\$ 62,668	\$ 63,295
Net Income before Income Taxes	\$ 361,481	\$ 135,710
Income Taxes	188,142	65,500
Net Income for the Period	\$ 173,339	\$ 70,210
Retained Earnings, Balance at beginning of period	466,087	350,705
	\$ 639,426	\$ 420,915
Less: Payments on Executive Life Insurance	\$ 3,447	\$ 4,679
Dividends Paid	20,336	20,336
	\$ 23,783	\$ 25,015
Retained Earnings, Balance at end of period	\$ 615,643	\$ 395,900
Earnings Per Share	42¢	17¢

SOURCE AND APPLICATION OF FUNDS

For Six Months Ended June 30, 1969
(with comparative figures for 1968)

	1969	1968
SOURCE OF FUNDS		
From Operations		
Net Profit	\$173,339	\$ 70,210
Provision for Depreciation	93,420	91,320
	\$266,759	\$161,530
Decrease in Deferred Finance Charges	9,309	—
Increase in Long Term Leases	—	74,359
TOTAL	\$276,068	\$235,889
APPLICATION OF FUNDS		
Additions to Fixed Assets (net)	\$ 74,444	\$165,528
Payments for Executive Life Insurance	3,447	4,679
Dividends Paid	20,336	20,336
Increase in Deferred Finance Charges (net)	—	9,307
Reduction in Long Term Debt	42,791	48,475
Reclassification of Current Asset	2,275	1,775
TOTAL	\$143,293	\$250,100
Working Capital at Beginning of Period	\$586,076	\$533,723
Net Increase in Working Capital (Decrease)	132,775	(14,211)
WORKING CAPITAL AT END OF PERIOD	\$718,851	\$519,512

